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SUBJECT: NATIONAL LEADER'S EXTRAMARITAL AFFAIR THREATENS
HIS PARTY'S AGENDA

Classified By: Deputy Chief of Mission David J. Keegan,
for reasons 1.4(b) and (d)

¶1. (SBU) National Party leader Don Brash has taken a leave of absence following revelations that he has been having an affair for two years with a member of the conservative Business Roundtable. During the fractious 2005 general election campaign, Brash had been accused of taking large contributions from and colluding on election strategy with the Roundtable. The revelations appear to have come to light in anticipation of the Government's threat to fight National's accusations that Labour had misappropriated taxpayer money for its election campaign by exposing damaging personal information about National Party MPs.

¶2. (SBU) Embassy contacts have confirmed a September 13 Independent Financial Review report that the Nats held a fractious caucus meeting on September 12 demanding that Brash come clean about the affair to the whole caucus. (Senior members had reportedly long known about it.) The Prime Minister has declined to comment.

¶3. (C) For months, Brash has been under pressure from National Party colleagues, who see him as colorless and incapable of leading the party in overturning Helen Clark's government. Despite denials by National Party Deputy (now Acting Leader) Gerry Brownlee, most analysts believe this will be the end of Brash's leadership. Whatever the case, the matter will certainly command the bulk of NZ media attention, wiping the Labour election spending brouhaha off the front pages and undermining months of National Party efforts to cast doubt on the Government's honesty. We'll be reporting more on this story as it unfolds.
McCormick